



Exhibit A

**VERIFIED IDENTITY PASS, Inc.**

November 9, 2005

Fred Fischer  
6105 Old Orchard Rd  
Kernersville NC 27284

Subject: Offer of Employment

**REDACTED**

Dear Fred,

I am pleased to confirm our offer of employment for the position of Senior Vice President of Sales for Verified Identity Pass, Inc. ("V-IP" or the "Company") located in New York, New York. This position will report to the Chief Operating Officer. Your employment will commence on December 5, 2005 ("start date").

As discussed, your base salary in this position will be [REDACTED] per annum, payable bi-monthly on the 15<sup>th</sup> and 30<sup>th</sup> of each month. In addition, you will be eligible for a target bonus between [REDACTED] and [REDACTED] for each deal closed with credit card providers, airlines, travel management companies, and strategic retail partnerships. Bonus payments are determined at management's discretion and are subject to the outcome of company and employee performance.

This agreement will be for a period of two years. In the second year your salary will increase by the higher of 4% or the year to year increase in the New York metropolitan area cost of living index.

After your first six months of employment, during the remainder of the term of the contract, we will have to give you four weeks severance if we end your employment without cause in the first year and five weeks in the second year. If you decide to end your employment with us you will have to give us the same notice in each of those years. If we end your employment for cause, you will not receive severance.

If you quit during the term of the contract you agree that you shall not in any way compete with Verified ID during the term of the contract, and you understand that we



1270 Avenue of the Americas, Suite 508, New York, NY 10020  
tel 212-332-6304 fax 212-332-6306 www.verifiedidpass.com



Fred Fischer  
Offer of Employment

Page 2 of 3

may be entitled to equitable relief as well as money damages for any violation of this provision of the contract.

You also agree that as a key executive of the company you will be privy to the company's trade secrets, customer accounts, business practices and other proprietary information. You agree to keep such information strictly confidential for a term of five years following the end of this contract and understand that any violation of this provision shall be subject to equitable relief as well as money damages.

Assuming you perform according to our expectations, the Chief Executive Office and I will recommend approval by the Board of Directors, a grant of options to purchase 25,000 shares of the Company at the price of shares at the most recent financing prior to the effective date of this contract. These options will vest on a one third basis on the anniversary of your first, second and third year of employment.

You will be eligible for 3 weeks of paid vacation during your first year of employment and 4 weeks in the second. During the current calendar year, your vacation entitlement will be prorated based on your start date.

You shall be entitled to such expense accounts, sick leave, fringe benefits, retirement programs, insurance coverage (including medical, dental, disability and life insurance programs, if any) and other terms and conditions of employment, detailed in the Company handbook, as the Company generally provides to its employees having similar rank and seniority. You are entitled to health coverage on the first day of the month following your start date.

This offer and your continued employment are contingent upon the satisfactory results of routine reference checking. You also acknowledge that there are no outstanding claims (either current or possible) against or concerning you from your current or former employer(s) clients. You also acknowledge that you are not subject to restrictions that could limit your duties and responsibilities at V-Q such as a non-compete agreement or other such legal restrictions with your current or former employer(s).

As a condition of your being hired and then a condition of your continuing to be employed, we require you to undergo a verification of your identity, background check and continuous update of that check that confirms that you have not been convicted of a felony in the last seven years and are not on any government watch list or terrorist watch list. You also agree to abide by all of the provisions of our employee handbook, including but not limited to, our strict policies and practices with regard to the protection of the privacy of our customer accounts. You agree to read our privacy policies and to abide by them.



Fred Fischer  
Offer of Employment

Page 3 of 3

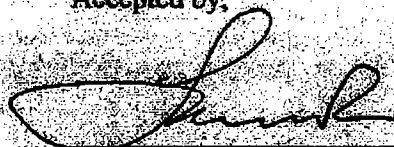
The employment, which is subject to this offer, is at-will and may be terminated by you or the Company at any time and for any reason subject to the severance and notice provisions outlined above.

The terms of this offer letter will be construed according to and governed by the laws of the State of New York.

Please confirm your acceptance of our offer of employment by signing below and returning one copy to us.

Sincerely,

Accepted by,



Fred Fischer

Courtney Nichols  
Chief Operating Officer  
Verified Identity Pass, Inc.

11-29-05

Date

Exhibit B

# **VERIFIED IDENTITY PASS, Inc.**

## **EMPLOYEE HANDBOOK**

**Verified Identity Pass, Inc.**

**February 2005**

VERIFIED IDENTITY PASS, INC.  
EMPLOYEE HANDBOOK  
TABLE OF CONTENTS

INTRODUCTION .....	4
SECTION I. INTERNAL MATTERS.....	6
EMPLOYMENT PRACTICES .....	6
EMPLOYMENT STATUS.....	6
INDEPENDENT CONTRACTORS .....	7
YOUR FIRST REVIEW.....	7
PAYDAYS.....	8
LOANS AND ADVANCES.....	8
VACATIONS .....	8
BEREAVEMENT LEAVE.....	9
PAID HOLIDAYS.....	10
PERSONAL DAYS .....	10
FAMILY AND MEDICAL LEAVE .....	10
SICK LEAVE .....	11
DISABILITY .....	11
WORKERS' COMPENSATION .....	12
LEAVES OF ABSENCE.....	12
PREGNANCY AND PARENTAL LEAVE .....	12
JURY DUTY .....	13
SEVERANCE PAY .....	13
DISMISSAL FOR DISHONESTY OR MISCONDUCT.....	13
RESIGNATIONS .....	14
RECAPTURE OF MOVING EXPENSES.....	14
YOUR RIGHT TO PRIVACY .....	15
MANDATORY ID VERIFICATION AND BACKGROUND CHECK.....	15
UNEMPLOYMENT INSURANCE .....	16
TAXES.....	16
PERFORMANCE EVALUATIONS.....	16
CHANGES IN PERSONAL STATUS.....	16
HEALTH AND LIFE INSURANCE.....	16
401 (k) SALARY DEFERRAL PLAN.....	17
TRAVEL AND ENTERTAINMENT EXPENSES.....	17



AFTER BUSINESS HOURS EXPENSE REIMBURSEMENT.....	18
SMOKING.....	18
USE OF COMPANY FACILITIES AND RESOURCES.....	18
DISBURSEMENT OF COMPANY FUNDS.....	18
OUTSIDE WORK .....	19
COPYRIGHTS .....	19
COMPLAINTS ABOUT SUPERVISORS.....	19
ABSENTEEISM AND TARDINESS .....	19
 SECTION II. HOW WE CONDUCT OUR BUSINESS EXTERNALLY .....	 21
 ANSWERING THE TELEPHONE AND TAKING MESSAGES.....	 21
TALKING TO THE PRESS.....	21
BUSINESS SECRETS.....	21
PRIVACY AND FAIR INFORMATION PRACTICES POLICIES .....	22
ATTIRE AT WORK.....	22
GIFTS .....	22
POLITICAL CONTRIBUTIONS AND ACTIVITIES .....	22
KNOW THE PRODUCT.....	23
PROOFREAD.....	23
 EMPLOYEE'S ACKNOWLEDGMENT .....	 24

## ***INTRODUCTION***

Dear Employee:

We think we're building one of the most important, new companies in America, and we're delighted that you're joining us in that effort.

Our goal is simple: respond to the challenge of securing the Homeland and make a good living doing it. We believe in profit: We will charge fair prices for a terrific product. We believe in enjoying our work and in being fiercely proud of it. We believe in being fair employers who offer great career opportunities. We hate bureaucracy.

What follows is what I hope will be one of our company's rare exercises in near bureaucracy: a policy manual. But before you read through these guidelines, I want to tell you about some of the general principles that make this company a special place.

First, anyone seeking a simple, relaxed job, safe within a rigid hierarchy shouldn't work at Verified Identity Pass. We are a company on the make -- hungry, fast-moving, relatively informal, and hard-working. When it comes to the quality of our products and our customer service, we are driven. Anyone who shares that drive -- from telephone operator, to salesperson, to business developer -- will find that this is exactly the right place to work. We will work hard to keep you happy and keep your career moving ahead.

With that in mind, however, I am constrained to tell you that we are what is called an "at will" employer. This means we can fire you if we don't think you are doing a good job, or if we think we no longer need the work that you do, or if we simply want to replace you. We need not have any more formal reason. Of course, you can also quit for any reason, or no reason at all. Recent court decisions require that we express this to you in this way (a lousy way to have to begin a relationship, don't you think?).

Second, we are in this for the long term. We have a vision of what a great company this can be 10 years from now, and we won't make any fast-buck or quick decisions to sacrifice that. Therefore, we believe in long-term values like quality and honesty.

Third, we are not hung up on hierarchies. We obviously have confidence in your supervisors, or we wouldn't have hired them, but we also want you to feel free to go outside traditional "chains of command" if you think a situation warrants it. In that regard, my door is always open.

Fourth, we believe deeply in equal employment opportunity. For us, this is not a matter of obeying a bothersome law. We believe in the law and want to go further than the law requires when possible. If you ever feel you are being discriminated against on

the basis of race, religion, sex, sexual orientation, national origin, disability, or age, or that someone else is, I want you to contact me or other senior managers you think appropriate immediately.

Our company is determined to make a healthy profit while always maintaining the highest legal and ethical standards. We expect our products to be high quality and that pride in our work is more than a cliché. In the process, we also want to provide a fulfilling experience for our employees and have some fun. I hope you'll join us wholeheartedly in all aspects of that effort.

Please read this manual carefully, understanding that it cannot anticipate every situation nor answer every question. As our company grows, our policies will evolve. In order to maintain necessary flexibility, the company reserves the right to change or revise these guidelines whenever we feel we should.

The last page of this handbook is a form for you to fill out and return to your supervisor, confirming that you have read this manual in full and that you understand and agree to follow our policies.

Steven Brill  
Chairman and Chief Executive Officer

## ***SECTION I. INTERNAL MATTERS***

### **EMPLOYMENT PRACTICES**

Equal Employment Opportunity. As an Equal Opportunity Employer, it is the policy of Verified Identity Pass (Verified ID) to prohibit unlawful discrimination on the basis of race, religion, color, national origin, ancestry, sex (including pregnancy), sexual orientation, age, marital status, physical handicap, medical condition or any other characteristic protected by applicable local, state, or federal law.

Policy Against Harassment. Harassment of employees on the basis of sex is illegal and will not be tolerated at Verified ID. Violations by any employee can result in discipline up to and including discharge. Immediate and appropriate action also will be taken if an employee is harassed by a client, vendor, or others with whom we do business.

You should submit complaints regarding employment discrimination or sexual harassment to our General Counsel, Cynthia Brill.

### **EMPLOYMENT STATUS**

Our company recognizes exempt and non-exempt employees. Exempt employees are not eligible for overtime pay. Non-exempt employees are eligible for overtime pay. All employees must be classified into one of the categories in order for us to comply with federal employment guidelines.

Being an employee of Verified ID in any one of the employment categories explained below means that the company will withhold taxes from your pay. Withholding taxes is not a matter of employer or employee discretion. We must withhold from people whose work meets the descriptions of employees that follow.

There are three employee categories:

1. Regular, full-time employees. These are people who work an average of 40 hours a week (not 32 or 35 hours, but 40 hours). These are the only employees who qualify for all of the benefits described in this handbook.
2. Regular, part-time employees. These are people who work an average of 24 or more hours, but fewer than 40 hours per week. Regular part-time employees are eligible for the following benefits and no others:
  - 401 (k) program after the employee has worked 1,000 hours in one year



- Sick leave proportionately (that is, an employee who works 80% of full-time is eligible for 80% of the sick leave that a full-time employee with the same seniority earns)
- Paid vacation proportionately
- Salaried part-time employees qualify for paid holidays; hourly part-time employees do not.

Regular, part-time employees are not eligible for any other benefits described in this handbook.

Regular full-time and regular part-time employees are entitled to leaves for various reasons that are described in our policies. Many of the leaves have limits, but we understand there may be times when a leave period may be unknown at the onset. Because we're a small business that depends on each employee's contribution, we cannot hold positions open longer than six months unless obliged to do so by federal, state or local laws.

3. **Project employees.** Generally, these are people who work fewer than 20 hours a week or only occasionally during the year. They receive no company benefits. They are considered employees by the IRS (and thus we must withhold taxes from them) if they:

- are required to work on the premises;
- use supplies and equipment furnished by the company;
- work hours scheduled by the company; and
- produce a work product controlled by the company.

The IRS has a list of 20 criteria for determining whether someone is an employee. Ask to see it if you have questions about your status. Please note that your designation as an employee is not optional either for us, the employer, or for you, the employee.

## **INDEPENDENT CONTRACTORS**

An individual is an independent contractor if the employer has the right to control or direct only the result of the work and not the means and methods of accomplishing the result. (Again, this is determined by criteria established by the IRS; feel free to ask for the IRS definition.) Lawyers, builders, public accountants and consultants are examples of independent contractors. Independent contractors are not employees, and therefore, are not eligible for Company benefits. Our company does not withhold taxes from the pay of workers who are independent contractors.

## **YOUR FIRST REVIEW**

Each employee will receive a performance evaluation from his or her supervisor evaluating his or her work at the end of the first 90 days of employment. If the review is positive, employment will continue. If it is negative, the employee may be terminated or the review period may be extended. Supervisors are expected to provide these reviews when scheduled. If a supervisor does not hold a review upon request within a week of the expiration of the 90-day period, the employee should request such a review.

All employees are expected to know and follow the policies and guidelines in this manual from their first day on the job. This expectation does not diminish after the first review.

## **PAYDAYS**

Paydays for all employees are the 15th and 30th of each month, representing payment for the prior work period.

## **LOANS AND ADVANCES**

Except in extreme cases, there will be no loans or advances made, except cash advances made in conjunction with business travel or a payroll advance made prior to a vacation. All exceptions must be approved by Steven Brill. If an exception is made and a loan provided, the interest rate will be zero; after all, if the case is that extreme, how can we charge interest to a valued employee?

## **VACATIONS**

An employee becomes eligible to take vacation once he or she has worked six months. Employees who leave the company before six months may not collect pay for vacation days accrued during those months. A new employee's first year's vacation will be prorated based on the employee's hire date (see "Earned vacation for the present year" below). Vacation time is earned in full day increments and accrues evenly over the course of the calendar year. With rare exceptions, we do not pay you for unused vacation time except when you leave the company.

Full-time employees are eligible for paid vacation according to the following schedule:

1<sup>st</sup> year: 2 weeks  
2<sup>nd</sup> year: 3 weeks  
Thereafter: 4 weeks

Up to one week of vacation (5 days) may be carried over to the following year. However, more may be carried over if a business necessity arises causing the company to postpone an employee's vacation.

Under rare circumstances, such as a honeymoon or family emergency, time can be advanced. This must be approved by your supervisor. If you leave or are fired before taking the vacation that was advanced to you, you will not be paid for the advanced time in your final paycheck. In other words, you will be paid only for earned and unused vacation.

If you leave the company and have not used the vacation time earned that year, it will be paid to you in your final paycheck (see example below). Likewise, if vacation time used exceeds the amount accrued in the current year (plus carried over days), a payroll deduction will be taken accordingly, which will be reflected in the last paycheck.

Earned vacation for the present year will be calculated by determining what fraction of the calendar year the employee will work, (number of days from date of hire to December 31, divided by 365) multiplied by the number of eligible vacation days and rounding up.

Example:

A first year employee is hired on March 1, 2004. There are 305 days available in the current year from her date of hire. She is eligible for 10 days of vacation; however she will earn only 9 days in her first year.

$$305/365 = 0.84 \times 10 = 8.4 \text{ rounded up to 9 days earned.}$$

If the same employee terminates her employment prior to August 28, 2004 (180 days or 6 months from date of hire) she will not have earned any vacation. Alternatively, if she terminates her employment on October 30, 2004 and has previously taken 5 days vacation, she will be paid for 2 earned and unused vacation days.

$$243/365 = 0.67 \times 10 = 6.7 \text{ rounded up to 7 days earned.}$$

$$7 \text{ days earned} - 5 \text{ days used} = 2 \text{ days paid out.}$$

To assure the smooth operation of our business, we require that you get advance approval of your vacation plans. Except in special cases, you should make these arrangements at least four weeks in advance. We also assume that you will be intelligent about taking vacation at times that make sense in terms of your particular work schedule. We reserve the right to decline vacation requests of more than two weeks.

You do not earn vacation while receiving worker's compensation, or on disability leave, or on a leave covered by the Family and Medical Leave Act.

## **BEREAVEMENT LEAVE**

This leave is up to 3 days for a death in the employee's immediate family. Immediate family members include children, parents, siblings, grandparents, a relative living with the employee or one's live-in companion. Bereavement leave is not counted as vacation time.

### **PAID HOLIDAYS**

An official schedule will be circulated each year. Paid holidays may vary from year to year. Generally, Verified ID's New York offices observe the following holidays:

- New Year's Day
- Martin Luther King Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day and the Friday after
- Christmas Day

### **PERSONAL DAYS**

Employees are eligible for three personal days each calendar year (subject to proration in the year of hire). Employees may use personal days at any time following their initial date of employment. These days may be used by the employee for any purpose whatsoever, including religious observation and practice. Personal Days must be used in the calendar year in which they are earned or they are lost. There is no carry over of personal days from year to year, and there is no payment for unused personal days in the event of termination of employment. As with vacation leave, personal days accrue in full day increments over the course of the calendar year.

### **FAMILY AND MEDICAL LEAVE**

Verified ID complies with the Family and Medical Leave Act of 1993, and all of our leave provisions for the events covered by the Act meet or exceed provisions of this federal law.



## **SICK LEAVE**

As a full-time employee, you are entitled to paid sick leave at a rate of up to six sick days per year. Employees may use their sick days to care for children or relatives who are sick. If you have worked here one year and worked at least 1,250 hours in the previous 12 months, you may be eligible to take up to 12 weeks of leave to care for a seriously ill parent, child or spouse under the Family and Medical Leave Act of 1993.

Sick days are not an entitlement, but an accommodation to people who really are too ill to come to work or who must care for relatives who are ill. We consider people who fudge or lie about this to be stealing from us. Sick days will not be carried over into another year or paid out in a severance arrangement.

## **DISABILITY**

Verified ID provides weekly cash benefits to eligible employees who become disabled in accordance with The New York State Disability Benefits Law. Benefits temporarily replace a portion of wages lost due to injuries or illnesses that do not arise out of or in the course of employment.

The state of New York allows Verified ID to collect contributions from its employees to offset the cost of providing mandatory short-term disability benefits. Contributions are computed at the rate of one-half of one percent of wages, but no more than sixty cents a week. This amount is automatically deducted from your paycheck.

Benefits are administered by Verified ID's insurance carrier. Verified ID's finance office can provide you with a description of benefits and eligibility. The cash benefit is 50% of your average weekly salary, payable for a maximum of 26 weeks. The maximum benefit is \$170 per week (less applicable taxes).

Under New York Law a pregnant worker is entitled to disability benefits for the period she is certified by her doctor as unable to work. We treat claims filed for pregnancy-related disabilities the same as claims for any other disability (i.e, broken leg, heart attack, etc.).

There is a 7-day waiting period for which no benefits are paid. You must provide us with written notice of your disability and acceptable medical proof of disability that is certified by your doctor. If you have been disabled more than 7 days, Verified ID must supply you with a Statement of Rights under the Disability Benefits Law, within five days of learning that you are disabled.

We encourage employees to take long-term disability insurance. The company offers an optional long-term disability plan through our insurance carrier.

## **WORKERS' COMPENSATION**

Verified ID provides Workers' compensation insurance coverage for all eligible employees. Workers' compensation insurance provides cash benefits and/or medical care for employees who are injured or become ill as a direct result of their job. Benefits are administered by Verified ID's insurance carrier. Our finance office can provide you with a description of benefits and eligibility.

If you sustain an injury on the job, you must report it in writing to our finance office, within 30 days of the accident. In a workers' compensation case, no one party is determined to be at fault. The amount that a claimant receives is not decreased by his/her carelessness, nor increased by an employer's fault. However, an employee loses his/her right to workers' compensation if the injury results solely from his/her intoxication from drugs or alcohol, or from the intent to injure him/herself or someone else.

Weekly cash benefits and medical care are paid by Verified ID's insurance carrier, as directed by the Workers' Compensation Board. The Workers' Compensation Board is a state agency that processes the claims and determines whether a worker will receive benefits and/or medical care, and how much he/she will receive.

## **LEAVES OF ABSENCE**

Except for parental leaves (see below), requests for leaves of absence are considered on a case-by-case basis.

## **PREGNANCY AND PARENTAL LEAVE**

Our policy regarding pregnancy, childbirth and adoption consists of two parts: (1) a disability portion to cover medical conditions related to pregnancy (see Disability section) and (2) a parental leave policy to allow mothers and fathers who are full-time employees to take time off following the birth of a child.

Our parental leave policy provides paid and unpaid leave for fathers and mothers. Employees are eligible after one year of service. Please note, however, that, with one exception, paid parental leave is extended only to the parent who is primarily responsible for care of the child. The exception is that during the first month after birth or adoption, an employee may take one week of paid leave whether or not he or she is the primary care giver.

Parental leave policies apply to adoptions and foster care as well as to childbirth. Employees may take up to 12 weeks unpaid leave in accordance with the specific provisions of the Family and Medical Leave Act of 1993.

Paid parental leave is only offered to the primary parental care giver. The leave must be taken directly after the disability period ends or within the first three months following a child's birth or adoption, whichever comes later.

During paid portions of parental leave, spouses who are employed by Verified ID may not take simultaneous leave.

Your parental leave benefit grows the longer you stay with the company, according to the following schedule:

#### **LENGTH OF SERVICE PARENTAL LEAVE BENEFIT\***

At least 1 year but less than 4 years:	3 weeks paid
At least 4 years but less than 6 years:	5 weeks paid
6 years or more:	6 weeks paid

Parental leave is in addition to the disability leave described earlier.

#### **JURY DUTY**

We believe that all citizens should fulfill jury duty obligations. If you serve on a jury, we will pay your regular salary but require that, in return, you turn over your jury duty compensation to the company.

#### **SEVERANCE PAY**

If you are dismissed for reasons other than dishonesty or misconduct, you will receive two weeks' pay in lieu of notice plus one week for every fully completed year of employment up to 20 weeks of severance pay. If you are terminated during your first 90 days of employment, no severance will be paid.

#### **DISMISSAL FOR DISHONESTY OR MISCONDUCT**

Anyone fired for dishonesty or misconduct will receive no severance. Dishonesty or misconduct includes, among other things, the following:

- failing to return to work after an authorized absence (leave of absence or vacation);
- abandoning your job;
- gross neglect of your duties;
- abusing alcohol or drugs on company premises;
- working under the influence of alcohol or drugs or other illegal substances;
- selling unlawful substances on company property or while on company business;

- theft of company property, employee property or company information;
- assaulting or threatening someone on company property or while on company business;
- unprofessional behavior toward clients, coworkers or managers;
- engaging in harassment behavior involving sex, race, age, religion or sexual orientation;
- unauthorized possession of a lethal weapon on company property or while conducting company business;
- cheating on your expense account;
- misstating your experience or credentials during the hiring process;
- lying to a supervisor, vendor, or customer;
- accepting gratuities (kickbacks) from vendors or customers;
- disregarding policies in this manual: e.g., lying about sick days;
- Failure to comply with Verified ID's privacy and data security policies.

This list is not intended to intimidate you. But we want to make it clear that we expect our employees to be honest and to take their jobs seriously. We don't expect perfection. However, we do expect you to tell us about problems or mistakes when they happen instead of trying to cover them up.

## **RESIGNATIONS**

If you resign from the company, we expect you to give at least two weeks' notice. If your duties are particularly individualized, we'd like you to give more notice if you can. We may accept your notice, or we may decide that an early departure is in our mutual interest. During the notice period, we expect you to do your job as energetically and as well as you always have. There will be no severance pay for anyone who resigns.

If you want us to provide a potential new employer with any information about your work except for dates of employment, we will ask you to sign a waiver so that you can't sue us for anything we say about you.

## **RECAPTURE OF MOVING EXPENSES**

In rare cases we will pay all or part of your moving expenses in order for you to take a job with the company or transfer to another location. If we do, you will be expected to return those expenses in full if you voluntarily resign or are fired for cause within one year of starting work at the new location. (We don't want to finance your move to find another job.) We will pay moving expenses only if pre-arranged.



## **YOUR RIGHT TO PRIVACY**

Without your express permission, no supervisor or financial officer will tell your salary to anyone except another Verified ID employee or agent with a need to know (such as an accountant).

No employee or supervisor will examine materials on or in your desk, on your computer, non-shared network storage or voicemail unless the need is compelling.

Except for people operating potentially dangerous machinery, we do not believe in drug testing. We don't believe in drug abuse either, however. Abusing drugs or alcohol on company premises or while on company business is grounds for dismissal.

Most of our health insurance claim forms do not require an employer signature. However, if any do, the person charged with signing such forms will do so before you fill in information pertaining to your claim.

## **MANDATORY ID VERIFICATION AND BACKGROUND CHECK**

As a condition of your being hired and then a condition of your continuing to be employed, we expect all employees to undergo a verification of their identity, background check, and continuous update of that check that confirms that the employee has not been convicted of a felony in the last seven years and is not on any government watch list or terrorist watch list. You will receive a separate document explaining your legal rights under this policy.

## **UNEMPLOYMENT INSURANCE**

Don't expect us to fudge or lie and say you were fired if you quit so that you can get unemployment insurance. We are total straight arrows when it comes to the law.

## **TAXES**

Don't ask us to do anything for tax reasons (such as call a compensation payment an expense payment or pay someone off the books, or mail a check out of state) that you wouldn't ask us to do if the Commissioner of Internal Revenue were in the room listening. Again, we're total straight arrows. Anyone who makes such an accommodation will be fired for misconduct when we find out about it.

## **PERFORMANCE EVALUATIONS**

We want all employees to know where they stand in terms of job performance. At least once a year (and within 90 days if you are a new employee), your supervisor will give you an oral evaluation of how you're doing. If you don't get such an evaluation, you should ask your supervisor. If at any time you are not clear about what is expected of you or how you are doing, ask your supervisor.

## **CHANGES IN PERSONAL STATUS**

If your marital status changes, if you have children, or if you move to a different state or county, your tax status, health insurance or other benefits may need review and change. You are expected to report such changes to your supervisor.

## **HEALTH AND LIFE INSURANCE**

We have a comprehensive offering of medical and dental insurance plans. You will receive separate documents describing these plans. Please read these documents so that you will not be surprised by any limitations in our coverage. Health insurance is available to all employees who work 40 hours or more per week. Optional term life insurance, long term disability and accidental death and dismemberment are also available.

If you have questions about insurance, please speak first with Verified ID's finance office. We're paying dearly to make sure you get good service, and we want you to get it.

We also want to make sure that operation of the health insurance plan does not invade your privacy. If you have problems in that regard, don't hesitate to designate a close friend in the company to ask questions on your behalf.

#### **401 (k) SALARY DEFERRAL PLAN**

The company offers a 401(k) salary deferral plan. The 401(k) plan is entirely voluntary for employees. Verified ID does not provide a matching contribution at this time. The 401(k) program is described in detail in separate documents that you will receive.

#### **TRAVEL AND ENTERTAINMENT EXPENSES**

The company pays all reasonable travel expenses for trips approved in advance and entertainment expenses for people whose jobs demand that they have meals with outsiders. You must provide receipts for all expenses over \$25.00.

The following guidelines apply:

- Fly the lowest fare possible. This usually means standard coach.
- We allow you to use frequent-flier credits earned on business trips for personal use. (You should record them as income on your tax returns if you do.) You must not pay a higher fare just to get frequent-flier miles. We will consider that stealing from the company. Similarly, don't pay more for a hotel room to earn a free weekend or mileage credits.
- Don't arrive late at night to stay in a hotel unless you absolutely have to because you have such an early meeting the next morning. Save the hotel bill by flying early in the morning.
- Stay in good hotels, but demand a corporate discount.
- Always use your cell phone rather than a hotel room phone. If your cell phone battery is dead or cell phone service is unavailable, use a telephone credit card or call collect from your hotel room phone. (Hotels usually overcharge for calls you bill to your room, and you can't check the charges anyway.) We will reimburse you for calls home, but be fair about how much you spend.
- Spend for meals as if you were paying. Be fair.
- If you take a spouse or significant other to a business dinner or other such event where that is in keeping with the occasion, we'll pay. But, again, be fair.

- Expense reports not submitted by the 15th of the month for expenses incurred in the previous month may be rejected.
- Never lie or fudge about any of this. We take it seriously. Lying about any of this is grounds for termination.

#### **AFTER BUSINESS HOURS EXPENSE REIMBURSEMENT**

Employees required to work after 8:00 pm are entitled to a dinner allowance and taxi fare reimbursement. Please be fair and do not abuse this privilege. This does not apply to overnight business travel.

#### **SMOKING**

The Verified ID offices are smoke-free.

#### **USE OF COMPANY FACILITIES AND RESOURCES**

While it is understandable that you might use a stamp and a phone line now and then for personal matters, it is expected that you won't do so abusively and that once in a while, in return, you'll neglect to bill us for a business call made at home or some other company-related expense. If we find there is abuse in this regard, we will be forced to use more stringent and unpleasant detective measures. Please be fair.

In this regard, never use a messenger or overnight package service for personal business without reimbursing the company the same day.

#### **DISBURSEMENT OF COMPANY FUNDS**

We take our fiduciary responsibilities seriously. Employees who have authority to initiate or approve Company expenditures must consider the impact of their actions and understand that they are accountable for such actions. When an employee initiates or approves a disbursement of Company funds, the employee is certifying:

- The expense was incurred on behalf of the Company,
- A valid business purpose for the expenditure is documented,
- The expenditure does not violate laws or regulations, and
- The expenditure is consistent with Company policies

An employee, who makes a purchase or enters into a contract on behalf of the Company with or without the proper authority, may be initiating a legal obligation to the Company.



When acting without proper authority, the employee will be subject to disciplinary action in up to and including dismissal.

All disbursements of Company funds require purchase and payment approvals. An employee that approves a transaction for purchase or payment is responsible for ensuring that provisions of this policy have been followed.

Your supervisor will explain procedures for purchasing supplies, using expense accounts, and so forth. Please be sure you have authorization before buying anything for the company. Otherwise, you may end up paying for it.

## **OUTSIDE WORK**

The expectation that you are working here full-time means that your time for outside employment should be limited. Outside employment or activities that pose a conflict of interest with the Company are prohibited. If in doubt, ask.

## **COPYRIGHTS**

Verified ID owns the copyrights, patents and all other rights to all materials produced for us by all salaried employees during the course of their employment.

## **COMPLAINTS ABOUT SUPERVISORS**

If you have any complaints about your supervisors (including what you think may be a supervisor's contravention of the guidelines in this handbook), please talk to your supervisor first. If that doesn't work, talk with your supervisor's boss. If the complaint isn't resolved to your satisfaction within two weeks, you may submit the complaint in writing to the Chairman and CEO, Steven Brill.

You should submit complaints regarding employment discrimination or sexual harassment to the General Counsel, Cynthia Brill.

## **ABSENTEEISM AND TARDINESS**

Everyone is important in getting the day's work done. Absenteeism or tardiness, even for good reason, is disruptive of our operations and interferes with customer satisfaction. Excessive absenteeism or tardiness can result in discipline up to and including discharge.

If you are going to be late or absent from work for any reason, you must personally notify your supervisor as far in advance as possible so that proper arrangements can be made to

handle your work during your absence. When absence is due to illness, we may require appropriate medical documentation.

## ***SECTION II. HOW WE CONDUCT OUR BUSINESS EXTERNALLY***

In addition to our internal policies and guidelines, there are several guidelines regarding conduct in dealing with our customers.

### **ANSWERING THE TELEPHONE AND TAKING MESSAGES**

Treat everyone who calls as if he or she were a customer and paid your salary. Always be polite. Never leave anyone on hold for more than 60 seconds, take a careful message and make sure you or the appropriate person calls back. We take this seriously. It is your responsibility to know how the telephones work.

If you are in the office during off hours and the phone rings, answer it and take a careful message. These are our customers. Never, ever tell anyone to "call back later when the sales department is in" or anything like that. In short, treat customers as you would expect to be treated. This is a service business.

### **TALKING TO THE PRESS**

Any press inquiries or requests for formal corporate comment should be directed immediately to:

Cindy Rosenthal  
Director of Public Relations  
Verified Identity Pass, Inc.  
croenthal@verifiedidpass.com  
212-332-6306 (office)  
212-332-6308 (fax)  
917-226-0666 (cell)

We also limit your right to talk in one other narrow respect: business secrets. See the next section for details.

### **BUSINESS SECRETS**

You will probably find the management of this company more open than most in talking to its employees about financial results and other aspects of our business. That's because we want you to feel you are part of what we are trying to build. It's one way we can get you to share our vision and our enthusiasm. However, we hope that you will not betray that trust by repeating what we say about the internal workings of the business to

outsiders. We will take stern action against those who reveal business plans or results that could directly and obviously help competitors.

We regard our business plan, customer lists, published documents and internal work product to be proprietary and confidential. We will fire anyone who reveals any of this without authorization.

## **PRIVACY AND FAIR INFORMATION PRACTICES POLICIES**

Verified ID has detailed Privacy and Fair Information Practices Policies. These policies explain how we protect the privacy, confidentiality, due process and data security rights of Verified ID applicants and members. You will receive a separate document describing these policies.

The Company's privacy policies are a critical aspect of the service we provide to our customers. We have gone to great lengths to ensure that privacy and fair information practices policies are clearly explained to Verified ID applicants and members. It is the discipline with which we apply these principles and the transparency of our compliance that give Verified ID a competitive edge. It is incumbent upon each and every employee to become familiar with and act in accordance with these policies. Failure to adhere scrupulously to Verified ID's Privacy and Fair Information Practices Policies will result in discipline up to and including termination for violations.

## **ATTIRE AT WORK**

We expect everyone to dress as if he or she is at a place of business, and we especially expect that salespeople and business developers working outside the office will dress in a way that is in keeping with the people they are dealing with every day.

## **GIFTS**

Gifts of any significant value (more than \$50) should not be accepted from any vendor selling products or services to us. No employee should give any such gifts to people who are in a position to help us. Any gift with a value of less than \$50 should be disclosed to your supervisor.

## **POLITICAL CONTRIBUTIONS AND ACTIVITIES**

The company generally makes no political contributions. We will not reimburse employees for their contributions. No employee should use company stationery for

personal or political purposes. Similarly, no one should implicitly or explicitly use his or her position in the company to further a cause or candidate.

### **KNOW THE PRODUCT**

We expect salespeople and business development employees to know our products and services. We encourage everyone else in the company to be an equally informed participant. You should not hesitate to make suggestions or criticisms about the products or services you see us producing. After all, you are a valued, intelligent employee. Your observations and what you hear and read can help us produce better products and services.

### **PROOFREAD**

We care about the written word. Make sure that every letter you send is grammatical and contains no typos.

## VERIFIED IDENTITY PASS, Inc.

### ***EMPLOYEE'S ACKNOWLEDGMENT***

I have read every page of the Employee Handbook of Verified Identity Pass, Inc. including policies pertaining to how we conduct our business internally (Section I) and how we conduct our business externally (Section II).

I understand all of the policies the handbook contains. I agree to comply with these policies while I am employed by Verified ID.

I understand that this handbook and all other written or unwritten policies or practices of the company do not create an express or implied contract or promise that employment will continue for any specified period of time. No manager or representative of the company, other than its chief executive officer, has authority to enter into any agreement to the contrary.

The employee handbook may change from time to time. I will be notified of these changes promptly.

EMPLOYEE SIGNATURE \_\_\_\_\_

NAME (PRINTED) \_\_\_\_\_

DATE \_\_\_\_\_

*Please return this form to your supervisor no later than your second day of employment.*